



House of Representatives

General Assembly

File No. 94

February Session, 2004

Substitute House Bill No. 5164

House of Representatives, March 17, 2004

The Committee on General Law reported through REP. FOX of the 144th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING MONETARY CHANGES TO THE HOME IMPROVEMENT GUARANTY FUND.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (c) of section 20-432 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2004*):

4 (c) Payments received under subsection (b) of this section shall be
5 credited to the guaranty fund until the balance in such fund equals
6 [seven hundred fifty thousand] one million dollars. Annually, if such
7 fund has an excess, the first four hundred thirty-five thousand dollars
8 of the excess shall be deposited into the Consumer Protection
9 Enforcement Fund established in section 21a-8a, as amended. Any
10 excess thereafter shall be deposited in the General Fund. Any money in
11 the guaranty fund may be invested or reinvested in the same manner
12 as funds of the state employees retirement system, and the interest
13 arising from such investments shall be credited to the guaranty fund.

This act shall take effect as follows:
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Section 1	<i>July 1, 2004</i>
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GL *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
Consumer Protection, Dept.	SF - Revenue Gain	285,000	285,000
Consumer Protection, Dept.	GF - Revenue Loss	285,000	285,000

Note: SF=Special Fund (Non-appropriated); GF=General Fund

Municipal Impact: None**Explanation**

The bill increases the cap on the Home Improvement Guaranty Fund from \$750,000 to \$1,000,000 and increases the cap on the Consumer Protection Enforcement Fund from \$400,000 to \$435,000. Currently, revenues from home improvement contractor and salesman licenses are placed in the Home Improvement Guaranty Fund. Any excess revenue from the Home Improvement Guaranty is placed in the Consumer Protection Enforcement Fund, which also receives revenues from the New Home Construction Guaranty Fund and from fines imposed on violations of consumer protection laws.

The bill would allow additional revenue, otherwise placed in the General Fund, to be placed in either the Home Improvement Guaranty Fund or the Consumer Protection Enforcement Fund.

OLR Bill Analysis

sHB 5164

AN ACT CONCERNING MONETARY CHANGES TO THE HOME IMPROVEMENT GUARANTY FUND**SUMMARY:**

This bill (1) raises the cap on the amount of the Home Improvement Guaranty Fund from \$750,000 to \$1,000,000 and (2) increases the amount of any excess that must be deposited into the Consumer Protection Enforcement Fund from \$400,000 to \$435,000. By law, any amount above what must go to these special funds must be deposited into the General Fund.

EFFECTIVE DATE: July 1, 2004

BACKGROUND***Home Improvement Guaranty Fund***

The Home Improvement Guaranty Fund is both a means of recourse for consumers who suffer harm from a contractor and a possible sanction for a contractor. It serves as a recourse because it reimburses people who cannot recover losses suffered from a contractor's failure to fulfill a contract. It is a sanction because a contractor's registration, and his ability to work, is made conditional on his repaying the fund for any money paid out on his account (CGS § 20-432).

The most that can be in the fund at any one time is \$750,000. Home improvement contractors pay \$100 and home improvement salesmen pay \$40 annually into the fund. Contractors and salesmen renew their registrations in December (Conn. Agencies Reg. § 21a-10-1).

Consumer Protection Enforcement Fund

The Consumer Protection Enforcement Fund is a nonlapsing fund used to pay for personnel and related expenses to enforce the Department of Consumer Protection's licensing and registration laws. In addition to receiving excess revenue from the Home Improvement

Fund, it receives revenue from the New Home Construction Guaranty Fund and fines imposed for violating specified consumer protection laws.

COMMITTEE ACTION

General Law Committee

Joint Favorable Substitute

Yea 19 Nay 0